

Committee on Resources

Subcommittee on Energy & Minerals Resources

Witness Statement

Biographical Outline

Leo M. Drozdoff

Leo Drozdoff is the Bureau Chief of the Bureau of Mining Regulation and Reclamation for the Nevada Division of Environmental Protection. Mr. Drozdoff's office is responsible for regulating over 200 mining operations and over 100 large exploration projects in Nevada. The State of Nevada holds or jointly holds over \$500 million in reclamation sureties. Prior to leading the Mining Bureau, Mr. Drozdoff managed NDEP's water permits program pursuant to Nevada Water Law and Clean Water Act requirements. Prior to joining NDEP Mr. Drozdoff worked as Project Manager for Dymar Technical Services.

Mr. Drozdoff was an original member of the Western Governor's 3809 team. He has written and presented papers several times in the past two years regarding BLM's effort to rewrite its 3809 regulations.

Mr. Drozdoff is a licensed professional civil engineer in the State of Nevada. He earned his MBA from the University of Nevada Reno where he was admitted to the Beta Gamma Sigma honor society. Mr. Drozdoff is a 1987 graduate of Bucknell University with a Bachelor of Science degree in Civil Engineering.

Mr. Chairman and members of the subcommittee, the Nevada Division of Environmental Protection (NDEP) of the Nevada Department of Conservation and Natural Resources appreciates the opportunity to provide testimony to the Committee on Resources, Subcommittee on Energy and Mineral Resources. Since you have requested testimony on the "effect of federal mining fees and proposed federal royalties on state and local revenues and the mining industry", we will provide the subcommittee with some background pertaining to Nevada's well run mining regulatory programs. The NDEP is only one of several state agencies that regulate mining operations in Nevada. The Mining Bureau of NDEP is charged with ensuring that the quality of Nevada's water resources are not degraded as a result of mining operations and provide that the land is properly reclaimed and returned to a productive post mining land use. Other bureaus within NDEP are charged with protecting Nevada's air quality and ensuring that solid waste at mining operations is handled appropriately.

Generally speaking, the prevailing instrument the NDEP uses to regulate activities on mine sites is the operating permit. The costs to obtain these permits (air, water, reclamation, etc.) may range from one hundred thousand dollars for a mid-sized facility to several million dollars for a large operation with sensitive environmental issues. The annual costs associated with these permits, that is, the fees paid to support the state regulatory programs can range from \$20,000 - \$70,000 per year or more. For example, NDEP's entire Mining Bureau operating budget of \$2 million is completely supported by fees. NDEP's Mining Bureau does not receive any state general fund or federal monies. The monitoring costs that ensure that a mining facility remains in compliance with their operating permits routinely exceed \$100,000 per year. Lastly, the State of Nevada holds or jointly holds with federal land managers, over \$500 million in reclamation sureties. These costs certainly don't include construction costs necessary to meet environmental requirements. Additionally, costs from other state and federal programs, most notably NEPA requirements,

rival and can dwarf the costs associated with the NDEP's programs.

Our reason for summarizing these programs is to neither boast nor apologize, but rather to underscore the State's priorities. With these costs, the State realizes tangible benefits - most notably a well regulated mining industry and a protected environment. Currently, there are literally dozens of new regulations on the horizon, which can negatively impact not only the mining industry, but also Nevada's ability to regulate mining activities. It is our hope that when Congress has the opportunity to review new regulations or fees it will ascertain whether these proposals add value and benefit like Nevada's already do.

I would be happy to answer any questions you may have. Thank you.